

Network. After GTE's entry, Time Warner announced that it would provide the Disney Channel for no additional charge to its basic subscribers in GTE's service areas.⁵⁸¹ Time Warner has denied that it is reacting to the entry by GTE and claims that it will provide the same expanded services to its entire service area soon. In January 1997, however, Time Warner's west central Florida division rates will rise 10% everywhere except in Clearwater, in an attempt to keep and win back customers from GTE.⁵⁸²

220. As a result of GTE's entry into the Clearwater market, Time Warner petitioned for relief from rate regulation in that market, citing the LEC effective competition provision of the 1996 Act.⁵⁸³ On December 12, 1996, the Commission released an order finding effective competition in Clearwater market and deregulated cable service prices for Adelphia.⁵⁸⁴

e. Omaha, Nebraska

221. In September 1995, U S West began a market trial of its VDT system in Omaha, Nebraska.⁵⁸⁵ The system currently passes approximately 50,000 homes and serves parts of the franchise areas of three incumbent cable operators, Cox, Time Warner, and TCI. TCI is the smallest incumbent with about 4,500 subscribers before the entry by U S West. U S West's subscriber base is estimated at 15,000, most of whom are former cable subscribers.⁵⁸⁶ According to industry observers, U S West's success in gaining subscribers in Omaha has been attributed to: good customer service; a new technology that uses cable-ready TV sets to provide cable services without the use of set-top boxes; and new services including fast cable modem access to the Internet.⁵⁸⁷

222. In response to U S West's entry, some incumbent cable operators are offering expanded video programming, lower prices, and improved services.⁵⁸⁸ Both Cox and Time

⁵⁸¹ *Id.* at A1.

⁵⁸² *Operators Planning '97 Rate Hikes Trying to Cushion Sticker Shock*, CableWorld, Dec. 9, 1996, at 216.

⁵⁸³ *Time Warner Entertainment - Advance/Newhouse Partners (Petition for Determination of Effective Competition, Clearwater, Florida)*, CUID No. FL0492, Memorandum Opinion and Order, __ FCC Rcd __, DA 96-2094 (CSB Dec. 12, 1996). Time Warner's arguments in this petition are similar to its petition for relief in Columbus, Ohio.

⁵⁸⁴ *Id.*

⁵⁸⁵ U S West Reply Comments at 3-5. As noted above in sec. III.E., U S West elected to convert this VDT trial to a cable system.

⁵⁸⁶ Tom Kerver, *Life Without Set-Tops*, Cablevision, Sept. 16, 1996, at 30.

⁵⁸⁷ *Id.* at 27-32.

⁵⁸⁸ U S West Reply Comments at 4-5.

Warner have responded to U S West's entry. Douglas County Cablevision, owned by Time Warner, reduced its monthly rates to match the \$19.95 rate charged by U S West for its most popular package.⁵⁸⁹ Cox has responded by offering a free "broadcast basic" service that includes C-SPAN and The Learning Channel, free cable installation, two months of free basic and expanded basic services, and two months of free HBO and Cinemax channels.

f. Richardson, Texas

223. Southwestern Bell Video Services, Inc. ("SBVS"), a subsidiary of Southwestern Bell, has undertaken a video marketing trial in Richardson, Texas. The purpose of the trial is to determine the profitability of entering the market currently served by TCI, the incumbent cable company.⁵⁹⁰

224. Information provided by SBVS indicates that TCI is responding to its entry by providing improved quality of service and special promotional incentives in selective parts of the service area. For example, Southwestern Bell points out that prior to the commencement of SBVS's market trial, TCI stepped up its promotional efforts.⁵⁹¹ Specifically, SBVS alleges that TCI went door-to-door in the trial area, offering customers free pay-per-view movie coupons and video cassette tapes.⁵⁹²

g. Riverside County, California

225. In late 1991, Cross Country, an MMDS provider, entered the market and began providing service to part of Riverside County. Comcast is one of the many cable operators serving this area. It currently passes 210,000 homes.⁵⁹³

226. Cross Country initially offered the lowest price service in the area.⁵⁹⁴ Although the service included a smaller number of channels than Comcast, 20,000 of Comcast's 93,000 subscribers switched to Cross Country within two years.⁵⁹⁵ The loss of subscribers by Comcast was attributed to two factors: customer dissatisfaction and Cross Country's \$12.95 price for 21

⁵⁸⁹ Price Colman, *Telco Competition Taking Toll*, Broadcast & Cable, Oct. 21, 1996, at 46.

⁵⁹⁰ SBC Comments at 3-4.

⁵⁹¹ *Id.* at 4.

⁵⁹² *Id.*

⁵⁹³ *House-to-House Video Combat*, *supra*, at 28-30.

⁵⁹⁴ Michele Vranizan, *For Your Information: Technology*, Orange County Register, Apr. 14, 1992, at D.2.

⁵⁹⁵ *House-to-House Video Combat*, *supra*, at 28.

channels of service compared to Comcast's higher price of \$22.50 for 34 channels.⁵⁹⁶ Beginning in mid-1993, Comcast began to respond by improving its customer services and system reliability. The incumbent has also engaged in targeted telemarketing, advertising "blitzes" and a special door-to-door sales campaign to bring back lost subscribers. By the end of 1995, Comcast's subscribership level was back up to the level from prior to Cross Country's entry into the market.⁵⁹⁷

227. Recently, Comcast started to offer discounts for a limited time to all former Comcast and current Cross Country subscribers. Under this "spring initiative," basic, expanded basic, Cinemax and three channels of HBO were offered at a price of \$29.95 a month. This is a \$10 per month discount from the regular price of \$39.95.⁵⁹⁸ As a result, Comcast reported a gain of 1000 new subscribers.

2. *Preliminary Findings*

228. As competition has been emerging in the few markets described above, our observations appear to confirm initially that competition is developing along the lines predicted in, among other places, prior reports. In 1994, we wrote that we expected competition in markets for the delivery of video programming to be strongly affected by the fact that the provision of many such services requires substantial sunk cost investment.⁵⁹⁹ Last year we discussed the fact that the availability of close substitutes in the form of MVPDs offering services that share similar service attributes may be a significant factor in increased competition and improved market performance in markets for the delivery of multichannel video programming.⁶⁰⁰ As we explain above, this is because firms naturally seek to differentiate their products or services to minimize competition for their services.⁶⁰¹ As competitors emerge, however, this becomes increasingly difficult, and firms are forced to compete with each other for customers. One recent example of this is the developing competition among DBS systems, which has led to strengthened competition between DBS systems and cable systems.⁶⁰²

⁵⁹⁶ Michele Vranizan, *For Your Information: Technology*, Orange County Register, Apr. 14, 1992, at D.2.

⁵⁹⁷ *House-to-House Video Combat*, *supra*, at 30.

⁵⁹⁸ *Id.* at 30.

⁵⁹⁹ *1994 Report*, 9 FCC Rcd at 7622-25, App. H ¶¶ 32-38.

⁶⁰⁰ *1995 Report*, 11 FCC Rcd at 2125 ¶¶ 135-36.

⁶⁰¹ *Supra* para 124.

⁶⁰² See *supra* sec. III.B (discussion of DBS services); Mark Robichaux, *DirecTV Cuts its Dish Price, Responding to Rival EchoStar*, Wall St. J., Aug. 13, 1996, at 1.

229. The actual case studies detailed above address competition between incumbent cable systems and MVPD entrants (in addition to the DBS operators that are operating in most local markets), many of whom are using similar wired delivery systems. In these cases, incumbents are facing competition from other MVPDs in addition to competition from DBS operators, and the evidence is largely consistent with our prior predictions concerning the likely development of competition in these markets. In the case studies, incumbent cable operators facing competition from MVPDs using wired delivery or MMDS technology in addition to DBS competitors appear to be responding in two principal ways: (1) by offering better customer services, new services, and new products; and (2) by offering lower prices or some form of price discounting. Similarly, MVPD entrants appear to be focusing on these two strategies in their efforts to win customers.

230. In the markets studied, incumbents generally increased their service offerings in an attempt to protect or maintain customer bases in the face of entry. Operators added new channels in Columbus, Chamblee, Clearwater, and Omaha. Although the numbers of channels offered by incumbents and entrants are obviously largely dependent on their respective system capacities (bandwidth), it appears that these incumbents may not have been fully utilizing their capacities prior to competitive entry. The experiences in Columbus and Chamblee also suggest that entrants may tend to enter the market with a larger channel line-up than the incumbent, perhaps as a result of newer technology or the need to offer a superior service in order to win customers.

231. There is also some evidence that incumbent cable operators have lowered prices to a limited extent when competing with LEC and other wired cable overbuilds. Unlike many other markets subject to emerging competition, in which the incumbents and competitors have responded by engaging in "price wars," however, it appears that both the cable operators and their LEC competitors initially have limited their use of price discounts to win new subscribers or to keep current subscribers, except in Dover and Omaha. Incumbent cable systems in Chamblee, Clearwater, Richardson, and Riverside appear to be limiting price reductions by discounting only for a short period of time, to only those customers who can switch to a competing service, or only if additional services are taken.

232. The incumbent operators in Dover, Chamblee, Columbus, and Clearwater have already petitioned for relief from current cable rate regulations on the ground that they face effective competition. In Dover and Columbus, the incumbents' petitions have been granted. We expect incumbents and entrants to compete differently where these petitions are granted by the Commission. Since the current rate regulations under certain circumstances prohibit cable operators from providing selective rate discounting,⁶⁰³ a deregulated cable operator may be more inclined to make such changes to maintain its subscriber base in the market.

⁶⁰³ The 1996 Act, sec. 302(b)(2), reduces the restriction on selective discounting by cable companies.

233. We will continue to monitor the extent of competition as incumbent operators compete with new cable and operators and other MVPDs to gain subscribership. We believe that implementation of the 1996 Act together with technological improvements (e.g., digital technology and enlarged channel capacity) could make new entrants more effective competitors. Such competition in the marketplace is just emerging, however, making it impossible for us to predict the extent to which competition will develop over time and constrain cable systems' exercise of market power.

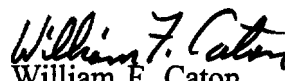
VI. ADMINISTRATIVE MATTERS

234. This *1996 Report* is issued pursuant to authority contained in Sections 4(i), 4(j), 403, and 628(g) of the Communications Act of 1934, as amended, 47 U.S.C. § 154(i), 154(j), 403, and 548(g).

235. It is ORDERED that the Secretary shall send copies of this *1996 Report* to the appropriate committees and subcommittees of the United States House of Representatives and the United States Senate.

236. It is FURTHER ORDERED that the proceeding in CS Docket No. 96-133 IS TERMINATED.

FEDERAL COMMUNICATIONS COMMISSION


William F. Caton
Acting Secretary

APPENDIX A**List of Commenters****Comments**

Ameritech New Media, Inc.
Bartholdi Cable Company, Inc.
Bell Atlantic
BellSouth Corporation and BellSouth Telecommunications, Inc.
CellularVision USA, Inc.
DIRECTV, Inc.
General Instrument Corporation
Home Box Office
National Cable Television Association, Inc.
National Rural Telecommunications Cooperative
OpTel, Inc.
Pay-Per-View Network, Inc. d/b/a Viewer's Choice
Primestar Partners L.P.
Residential Communications Network, Inc.
Satellite Business and Communications Association of America
SBC Communications, Inc.
TelQuest Ventures, L.L.C.
The WB Television Network
Time Warner Cable
ValueVision International, Inc.
Wireless Cable Association International, Inc.

Reply Comments

Ameritech New Media, Inc.
Association of Maximum Service Television, Inc.
Bartholdi Cable Company, Inc.
Circuit City Stores, Inc.
ESPN, Inc.
GTE Service Corporation
Lifetime Television
Multi-Channel TV Cable Company, d/b/a Adelphia Cable Communications
National Cable Television Association, Inc.
National Rural Telecommunications Cooperative
NBC Television Affiliates Association, CBS Television Affiliates Association and
ABC Television Affiliates Association
OpTel, Inc.
Primestar Partners L.P.

Scripps Howard Cable TV Company
Superstar Satellite Entertainment
Tele-Communications, Inc.
TELE-TV
United States Telephone Association
U S WEST, Inc.
Viacom, Inc.

APPENDIX B

TABLE 1
Cable Television Industry Growth: 1990 - 1995
(in millions)

Year	U.S. Television Households ("TH")		Homes Passed ("HP")		Basic Cable Subscribers ("Subs")		National Saturation (HP/TH)	TV Households Subscribing (Subs/TH)	U.S. Penetration (Subs/HP)
	Year-End Total	Change From Previous Year	Year-End Total	Change From Previous Year	Year-End Total	Change From Previous Year			
1990	93.1	1.1%	86	3.9%	51.7	4.9%	92.4%	55.5%	60.1%
1991	92.1 (*)	-1.1%	88.4	2.8%	53.4	3.3%	96.0%	58.0%	60.4%
1992	93.1	1.1%	89.7	1.5%	55.2	3.4%	96.3%	59.3%	61.5%
1993	94.2	1.2%	90.6	1.0%	57.2	3.6%	96.2%	60.7%	63.1%
1994	95.4	1.3%	91.6	1.1%	59.7	4.4%	96.0%	62.6%	65.2%
1995	95.9	0.5%	92.7	1.2%	62.1	4.0%	96.7%	64.8%	67.0%

(*) Revised penetration figure based on 1990 Census

Sources:

- U.S. Television Households - A.C. Nielsen Co. as of January of the following year. Taken from Veronis, Suhler & Associates, *Subscribers to Subscription Video Services*, The Veronis, Suhler & Associates Communications Industry Forecast, August 1996, at 128.
- Homes Passed and Basic Cable Subscribers - 1990 to 1994 - Paul Kagan Assoc., Inc., *History of Cable and Pay-TV Subscribers and Revenues*, Cable TV Investor, June 30, 1995, at 5; - 1995 - Paul Kagan Assoc., Inc., *Pay TV Subscriber History*, The Cable TV Financial Databook, July 1995, at 8.

TABLE 2
Premium Cable Services: 1990 - 1995
(in millions)

Year	Premium Cable Service Subscribers		Premium Units	
	Year-End Total	Change From Previous Year	Year-End Total	Change From Previous Year
1990	23.9	1.3%	41.5	1.0%
1991	24	0.4%	43.1	3.9%
1992	24.7	2.9%	44.4	3.0%
1993	26.4	6.9%	46.0	3.6%
1994	28.1	6.4%	51.1	11.1%
1995	N/A		54.2	6.1%

Sources:

- Premium Cable Service Subscribers - Paul Kagan Assoc., Inc., *History of Cable and Pay-TV Subscribers and Revenues*, Cable TV Investor, June 30, 1995, at 5.
- Premium Units - Paul Kagan Assoc., Inc., *Pay TV Subscriber History*, The Cable TV Financial Databook, July 1996, at 8. Premium Units refers to the number of premium services subscribed to by a home, whereas Premium Cable Services Subscribers refers to the total number of homes subscribing to one or more premium services.

TABLE 3
Channel Capacity of Cable Systems: 1994 - 1995

Channel Capacity	1994*		1995*		94-95 Change
	Number of Systems	Percent of Systems	Number of Systems	Percent of Systems	
54 and over	1,435	14.3%	1,558	15.6%	8.57%
30 to 53	6,376	63.7%	6,376	63.8%	0.00%
20 to 29	1,167	11.7%	1,104	11.0%	-5.40%
13 to 19	356	3.6%	353	3.5%	-0.84%
6 to 12	653	6.5%	588	5.9%	-9.95%
5 or less	17	0.2%	14	0.1%	-17.65%
Not available	1,212		1,133		
Total	11,216		11,126		
Systems with capacities of 30 or more channels	7,811	78.08%	7,934	79.40%	1.57%
Systems with capacities of fewer than 30 channels	2,193	21.92%	2,059	20.60%	-6.11%

* Figures are as of October 1, 1994 and October 1, 1995. "Percentage of Systems" calculation excludes "not available" data.

Sources:

- 1994 - Warren Publishing, Inc., *Channel Capacity of Existing Cable Systems*, Television & Cable Factbook: Cable Volume No. 63, 1995 Edition, at I-77.
- 1995 - Warren Publishing, Inc., *Channel Capacity of Existing Cable Systems*, Television & Cable Factbook: Services Volume No. 64, 1996 Edition, at I-81.

TABLE 4
Channel Capacity for Subscribers: 1994 - 1995
(in millions)

Channel Capacity	1994*		1995*		94-95 Change
	Subscribers	Percent of Subscribers	Subscribers	Percent of Subscribers	
54 and over	23.02	41.5%	27.69	47.91%	20.29%
30 to 53	30.75	55.4%	28.56	49.41%	-7.12%
20 to 29	1.37	2.5%	1.20	2.08%	-12.41%
13 to 19	.11	0.2%	.13	0.22%	18.18%
6 to 12	.24	0.04%	.22	0.38%	-8.33%
5 or less	.00	0.0%	.00	0.00%	0.00%
Not available	.87		1.50		
Total	56.36		59.29		
Systems with capacities of 30 or more channels	53.77	96.9%	56.25	97.32%	4.61%
Systems with capacities of fewer than 30 channels	1.72	3.1%	1.55	2.68%	-9.88%

* Figures are as of October 1, 1994 and October 1, 1995.

Sources:

- 1994 - Warren Publishing, Inc., *Channel Capacity of Existing Cable Systems*, Television & Cable Factbook: Cable Volume No. 63, 1995 Edition, at I-77.
- 1995 - Warren Publishing, Inc., *Channel Capacity of Existing Cable Systems*, Television & Cable Factbook: Services Volume No. 64, 1996 Edition, at I-81.

TABLE 5
Growth By Network Type: 1994 - 1995

Network Type	1994		1995		94-95 Change In Number of Networks
	Number of Networks	Percent of Networks	Number of Networks	Percent of Networks	
Basic/No-Charge	94	73.44%	102	74.45%	8.51%
Premium	20	15.63%	21	15.33%	5.00%
Pay Per View	8	6.25%	8	5.84%	0.00%
Combination	6	4.69%	6	4.38%	0.00%
Total	128		137		7.03%

Source:

- National Cable Television Association, *National Cable Video Networks By Type of Service: 1976 - 1995*, Cable Television Developments, Spring 1996, at 6.

TABLE 6
Cable Industry Revenue and Cash Flow: 1993 - 1995

		1993		1994		1995	
		Year-End Total	% Change From Previous Year	Year-End Total	% Change From Previous Year	Year-End Total	% Change From Previous Year
Average Number of Basic Subscribers (mil.)		56.2	3.5%	58.5	4.1%	60.9	4.1%
Revenue Segments (mil.)	Regulated Tiers	\$15,169	12.9%	\$15,164	0.0%	\$16,858	11.1%
	Pay Tiers	\$4,625	-7.1%	\$4,522	-2.2%	\$5,063	12.0%
	Advertising	\$984	15.5%	\$1,077	9.5%	\$1,281	18.9%
	Pay-Per-View	\$452	11.9%	\$484	7.1%	\$813	68.0%
	Home Shopping	\$113	25.6%	\$127	12.4%	\$144	13.4%
	Miscellaneous + Installations	\$1,123	-12.4%	\$1,412	25.7%	\$926	-34.4%
Total Revenue (mil.)		\$22,466	6.7%	\$22,786	1.4%	\$25,085	10.1%
Revenue Per Avg. Sub		\$399.75	3.2%	\$389.50	-2.6%	\$411.90	5.8%
Cash Flow (mil.)		\$10,100	4.1%	\$9,936	-1.6%	\$11,238	13.1%
Cash Flow per Sub		\$179.72	0.1%	\$169.85	-5.5%	\$184.53	8.6%
Cash Flow/Total Revenue		44.9%	-2.6%	43.6%	-2.9%	44.8%	2.8%

Sources:

- **1993 and 1994** - Paul Kagan Assoc., Inc., *History of Cable and Pay-TV Subscribers and Revenues*, Cable TV Investor, June 30, 1995, at 5 and Paul Kagan Assoc., Inc., *Estimated Capital Flows In Cable TV*, The Cable TV Financial Databook, July 1995, at 92.
- **1995** - Paul Kagan Assoc., Inc., *Paul Kagan's 10-Year Cable TV Industry Projections*, The Cable TV Financial Databook, July 1996, at 10-11; Paul Kagan Assoc., Inc., *Pay TV Subscriber History*, The Cable TV Financial Databook, July 1995, at 8; and Paul Kagan Assoc., Inc., *Estimated Capital Flows In Cable TV*, The Cable TV Financial Databook, July 1996, at 115.

TABLES 7A, 7B, 7C, and 7D
Annual Cable Industry Revenue, Cash Flow, and Subscriber Information
1992 - 1995

The following pages contain tables detailing the data and the calculations used in the Commission's estimates of the cable industry's annual revenue and cash flow.

To calculate the industry-wide estimates of revenue, we first calculate an average revenue per subscriber figure for each year by dividing the total revenue of the companies in the group by the total average subscribers of these companies for that year. Second, multiply this average revenue per subscriber figure by an estimate of the industry's average subscribership for the year. The same methodology was followed to calculate the industry-wide estimates of cash flow.

The estimates differ from those released in the *1995 Report*, due in part to the deletion this year of subscribers attributable to partially held and foreign subsidiaries and in part to the Commission having been able to collect additional data since last year's report which allows for more accurate estimates.

Sources:

- Unless otherwise noted, the data used in these tables came from the companies' public filings with the Securities and Exchange Commission, their press releases, or discussions with company personnel. Some of the data taken from these sources have been adjusted to take into account acquisitions which occurred during each year. These adjustments are described in the notes for each table. Due to lack of data, adjustments have not been made for all acquisitions.
- The year-end industry subscriber estimates for 1992 to 1995 were taken from Table 1 of this Appendix

General Notes:

- Unless otherwise noted, all "Year-End Subscribers" numbers are as of December 31 of the year in question. All "Average Subscribers", "Cable Revenue", and "Cable Cash Flow" numbers are for the fiscal year ending December 31 of the year in question.
- Unless otherwise noted, all data are for the companies' consolidated, domestic cable operations. Some data have been adjusted to remove subscribers, revenue, and cash flow from other sources (e.g. satellite operations.)
- Each company's "Average Subscribers" figure came from one of the three following sources: a company reported figure, an average of quarterly subscribership information, the mid-point of two year-end subscriber numbers.
- In each of the tables, the company referred to as "Enstar Partnerships" represents the combined results of ten separate partnerships associated with Falcon Holding Group. The partnerships are: Enstar Income Growth Program Five-A, Enstar Income Growth Program Five-B, Enstar Income Growth Program Six-A, Enstar Income Growth Program Six-B, Enstar Income Program 1984-1,

Enstar Income Program II-1, Enstar Income Program II-2, Enstar IV-1, Enstar IV-2, Enstar IV-3.

- In each of the tables, the company referred to as "Jones Partnerships" represents the combined results of 21 separate partnerships associated with Jones Intercable. The partnerships are: Cable TV Fund 11-A Ltd, Cable TV Fund 11-B Ltd, Cable TV Fund 11-C Ltd, Cable TV Fund 11-D Ltd, Cable TV Fund 12-A Ltd, Cable TV Fund 12-B Ltd, Cable TV Fund 12-C Ltd, Cable TV Fund 12-D Ltd, Cable TV Fund 14-A Ltd, Cable TV Fund 14-B Ltd, Cable TV Fund 15-A Ltd, IDS/Jones Growth Partners 87-A Ltd, IDS/Jones Growth Partners 89-B Ltd, IDS/Jones Growth Partners II LP, Jones Cable Income Fund 1-A Ltd, Jones Cable Income Fund 1-B Ltd, Jones Cable Income Fund 1-C Ltd, Jones Growth Partners LP, Jones Growth Partners II LP, Jones Intercable Investors LP, Jones Spacelink Income Growth Fund 1-A.
- In the tables for 1994 and 1995, the company referred to as "Northland Partnerships" represents the combined results of 5 separate partnerships associated with Northland Communications Corporation. The partnerships are: Northland Cable Properties Four LTD Partnership, Northland Cable Properties Five LTD Partnership, Northland Cable Properties Six LTD Partnership, Northland Cable Properties Seven LTD Partnership, and Northland Cable Properties Eight LTD Partnership.

TABLE 7A
1992 Cable Industry Revenue and Cash Flow Calculations

Company	Year-End Subscribers	Average Subscribers	Annual Cable Revenue (mil.)	Monthly Cable Revenue Per Subscriber	Annual Cable Cash Flow (mil.)	Annual Cable Cash Flow Per Subscriber	Average Cash Flow Margin
TCI Communications, Inc.	9,900,000	9,811,500	\$3,871.834	\$32.89	\$1,772.252	\$180.63	45.8%
Time Warner	5,554,000	5,463,250	\$2,091.000	\$31.89	\$977.000	\$178.83	46.7%
Continental Cablevision	2,730,134	2,697,887	\$1,113.475	\$34.39	\$488.330	\$181.00	43.9%
Comcast	2,583,000	2,528,500	\$1,023.493	\$33.73	\$500.513	\$197.95	48.9%
Cox Communications	1,722,007	1,699,888	\$652.100	\$31.97	\$275.100	\$161.83	42.2%
Cablevision Systems	1,262,000	1,317,000	\$543.403	\$34.38	\$262.365	\$199.21	48.3%
Times Mirror	1,182,581	1,148,791	\$423.130	\$30.69	\$164.984	\$143.62	39.0%
Viacom	1,116,300	1,101,550	\$411.087	\$31.10	\$190.542	\$172.98	46.4%
Century Communications	907,000	905,800	\$294.814	\$27.12	\$171.975	\$189.86	58.3%
Cablevision Industries	904,648	894,912	\$359.803	\$33.50	\$173.790	\$194.20	48.3%
Adelphia Communications	814,688	803,685	\$296.568	\$30.75	\$169.905	\$211.41	57.3%
Jones Partnerships	808,679	794,174	\$342.103	\$35.90	\$114.625	\$144.33	33.5%
Providence Journal	722,000	512,500	\$199.680	\$32.47	\$77.981	\$152.16	39.1%
Telecable	690,000	675,800	\$268.400	\$33.10	\$116.393	\$172.23	43.4%
EW Scripps	673,100	659,375	\$238.118	\$30.09	\$101.165	\$153.43	42.5%
KBLCOM	577,000	568,000	\$235.258	\$34.52	\$95.016	\$167.28	40.4%
Lenfest Communications	477,130	458,588	\$166.081	\$30.18	\$83.449	\$181.97	50.2%
Washington Post Co.	463,000	457,090	\$174.098	\$31.74	\$77.535	\$169.63	44.5%
TCA Cable TV, Inc.	442,356	434,860	\$141.887	\$27.19	\$70.399	\$161.89	49.6%
Multimedia Inc (Gannett)	410,000	387,500	\$144.383	\$31.05	\$73.079	\$188.59	50.6%
Falcon Holding Group	332,207	329,664	\$128.336	\$32.44	\$74.072	\$224.69	57.7%
Jones Intercable, Inc.	304,800	281,800	\$82.033	\$24.26	\$34.150	\$121.19	41.6%
C-TEC Corp	217,382	212,369	\$85.299	\$33.47	\$40.937	\$192.76	48.0%
Charter Comm. SE, LP	214,488	210,551	\$69.261	\$27.41	\$35.658	\$169.36	51.5%
Garden State Cablevision	187,496	185,487	\$84.877	\$38.13	\$48.083	\$259.23	56.7%
Bresnan Communications	157,553	152,877	\$46.347	\$25.26	\$21.122	\$138.16	45.6%
Summit Communications	150,400	153,350	\$59.600	\$32.39	\$35.800	\$233.45	60.1%
Marcus Cable	138,274	110,006	\$38.310	\$29.02	\$19.982	\$181.64	52.2%
Insight Communications	133,816	129,758	\$47.023	\$30.20	\$20.470	\$157.76	43.5%
Falcon Cable Systems	131,228	130,765	\$50.616	\$32.26	\$25.556	\$195.43	50.5%
Rifkin Acquisition Partners	108,991	105,762	\$36.935	\$29.10	\$17.911	\$169.35	48.5%
Enstar Partnerships	82,199	81,688	\$27.810	\$28.37	\$11.740	\$143.72	42.2%
Galaxy Telecom	78,460	77,450	\$25.919	\$27.89	\$10.116	\$130.61	39.0%
Falcon Classic Cable	43,868	41,911	\$14.496	\$28.82	\$5.822	\$138.91	40.2%
Mercom, Inc.	34,118	33,905	\$11.986	\$29.46	\$4.790	\$141.28	40.0%
Total For Group	36,254,903	35,557,989	\$13,799.563	\$32.34	\$6,362.606	\$178.94	46.1%
Total For Industry	55,200,000	54,300,000	\$21,073.078	\$32.34	\$9,716.227	\$178.94	46.1%

Notes:**- TCI and Comcast -**

On December 2, 1992, Storer Communications, Inc., which had been jointly owned by TCI (50%) and Comcast (50%), was consolidated into those two companies. Storer's revenue (\$595.668 million) and cash flow (\$288.503 million) for 1992 up to that date was split and added into TCI and Comcast's totals. TCI and Comcast's average subscribership for 1992 was calculated assuming each had half of Storer's 1991, year-end subscribership (1,646,000) for the whole year.

- Continental -

When Continental reports its basic subscribership, it includes, on an equity basis, subscribers from its partially owned affiliates. Those subscribers were removed from the 1991 (118,361) and 1992 (125,866) year-end subscriber numbers. Therefore, the 1992 average subscribers number has been adjusted as well

- Century - Revenue and cash flow are for the 12 months ending November 30, 1992. Its year-end subscriber number is as of May 31, 1992.

- Adelphia - Adelphia's average subscribers, revenue, and cash flow are for the 12 months ending December 31, 1992. Its year-end subscriber number is as of that date.

- Jones Partnerships, Garden State, Enstar Partnerships -

Year-end 1991 and 1992 average subscribership figures were estimated using the growth exhibited from 1992 to 1995.

- TCA - TCA's average subscribers, revenue, and cash flow are for the 12 months ending January 31, 1993. Its year-end subscriber number is as of that date.

TABLE 7B
1993 Cable Industry Revenue and Cash Flow Calculations

Company	Year-End Subscribers	Average Subscribers	Annual Cable Revenue (mil.)	Monthly Cable Revenue Per Subscriber	Annual Cable Cash Flow (mil.)	Annual Cable Cash Flow Per Subscriber	Average Cash Flow Margin
TCI Communications, Inc.	10,285,000	10,092,500	\$4,153.000	\$34.29	\$1,858.000	\$184.10	44.7%
Time Warner	5,756,000	5,683,500	\$2,208.000	\$32.37	\$1,035.000	\$182.11	46.9%
Continental Cablevision	2,763,229	2,746,682	\$1,175.408	\$35.66	\$527.592	\$192.08	44.9%
Comcast	2,648,000	2,615,500	\$1,092.746	\$34.82	\$551.971	\$211.04	50.5%
Cox Communications	1,784,337	1,753,172	\$692.779	\$32.93	\$270.059	\$154.04	39.0%
Cablevision Systems	1,379,000	1,337,138	\$633.207	\$39.46	\$281.352	\$210.41	44.4%
Times Mirror	1,208,398	1,195,490	\$470.410	\$32.79	\$198.123	\$165.73	42.1%
Viacom	1,094,100	1,105,200	\$416.000	\$31.37	\$181.696	\$164.40	43.7%
Cablevision Industries	957,508	942,377	\$391.710	\$34.64	\$191.600	\$203.32	48.9%
Century Communications	934,000	932,000	\$311.151	\$27.82	\$181.455	\$194.69	58.3%
Adelphia Communications	868,195	844,219	\$318.293	\$31.42	\$177.664	\$210.45	55.8%
Jones Partnerships	850,409	829,544	\$354.462	\$35.61	\$115.314	\$139.01	32.5%
Providence Journal	738,000	730,000	\$281.590	\$32.14	\$114.110	\$156.32	40.5%
Telecable	717,000	703,500	\$286.680	\$33.96	\$123.832	\$176.02	43.2%
EW Scripps	701,000	687,950	\$251.792	\$30.50	\$105.260	\$153.01	41.8%
KBLCOM	605,000	591,000	\$244.067	\$34.41	\$95.742	\$162.00	39.2%
Lenfest Communications	550,703	513,917	\$197.630	\$32.05	\$100.476	\$195.51	50.8%
Intermedia Partners IV	493,000	452,050	\$171.800	\$31.67	\$70.800	\$156.62	41.2%
Washington Post Co.	482,000	472,500	\$185.721	\$32.76	\$81.917	\$173.37	44.1%
TCA Cable TV, Inc.	457,061	451,761	\$154.920	\$28.58	\$77.670	\$171.93	50.1%
Multimedia Inc (Gannett)	417,000	413,500	\$164.598	\$33.17	\$85.462	\$206.68	51.9%
Falcon Holding Group	329,902	331,055	\$137.769	\$34.68	\$79.444	\$239.97	57.7%
Jones Intercable, Inc.	313,800	309,300	\$99.438	\$26.79	\$35.097	\$113.47	35.3%
Charter Comm. SE, LP	226,110	220,299	\$77.013	\$29.13	\$39.340	\$178.58	51.1%
C-TEC Corp	224,849	221,116	\$93.550	\$35.26	\$44.328	\$200.47	47.4%
Garden State Cablevision	192,222	189,859	\$90.824	\$39.86	\$52.810	\$278.15	58.1%
Bresnan Communications	174,009	165,781	\$51.902	\$26.09	\$22.925	\$138.28	44.2%
Summit Communications	157,000	153,700	\$61.229	\$33.20	\$37.400	\$243.33	61.1%
Insight Communications	142,317	138,067	\$51.008	\$30.79	\$24.455	\$177.12	47.9%
Marcus Cable	141,323	139,799	\$52.307	\$31.18	\$26.841	\$192.00	51.3%
Falcon Cable Systems	129,740	130,484	\$53.743	\$34.32	\$26.585	\$203.74	49.5%
Rifkin Acquisition Partners	115,793	112,392	\$41.470	\$30.75	\$20.015	\$178.08	48.3%
Helicon Group	82,184	82,184	\$29.448	\$29.86	\$12.633	\$153.72	42.9%
Enstar Partnerships	81,880	82,040	\$30.026	\$30.50	\$12.752	\$155.44	42.5%
Galaxy Telecom	77,618	78,039	\$27.285	\$29.14	\$11.305	\$144.86	41.4%
Falcon Classic Cable	45,533	44,701	\$16.785	\$31.29	\$6.169	\$138.01	36.8%
Mercom, Inc.	34,714	34,416	\$12.606	\$30.52	\$5.116	\$148.65	40.6%
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Total For Group	38,157,934	37,526,727	\$15,082.367	\$33.49	\$6,882.310	\$183.40	45.6%
Total For Industry	57,200,000	56,200,000	\$22,587.343	\$33.49	\$10,306.943	\$183.40	45.6%
Percent Change From Previous Year	3.62%	3.50%	7.19%	3.56%	6.08%	2.49%	-1.03%

Notes:

- **Continental** - When Continental reports its basic subscribership, it includes, on an equity basis, subscribers from its partially owned affiliates. Those subscribers were removed from the 1993 (131,771) year-end subscriber number. Therefore, the 1993 average subscribers number has been adjusted as well. Continental's revenue results were adjusted for the removal of its satellite operations. This reduced its revenue by \$1.755 million.
- **Cox** - Cox's revenue and cash flow were adjusted for the removal of its satellite operations. This reduced its revenue by \$15.195 million and increased its cash flow by \$1.533 million.
- **Century** - Revenue and cash flow are for the 12 months ending November 30, 1993. Its year-end subscriber number is as of May 31, 1993.
- **Adelphia** - Adelphia's average subscribers, revenue, and cash flow are for the 12 months ending December 31, 1993. Its year-end subscriber number is as of that date.
- **TCA** - TCA's average subscribers, revenue, and cash flow are for the 12 months ending January 31, 1994. Its year-end subscriber number is as of that date.

TABLE 7C
1994 Cable Industry Revenue and Cash Flow Calculations

Company	Year-End Subscribers	Average Subscribers	Annual Cable Revenue (mil.)	Monthly Cable Revenue Per Subscriber	Annual Cable Cash Flow (mil.)	Annual Cable Cash Flow Per Subscriber	Average Cash Flow Margin
TCI Communications, Inc.	11,121,000	10,703,000	\$4,288.000	\$33.39	\$1,789.000	\$167.15	41.7%
Time Warner	6,000,000	5,864,000	\$2,242.000	\$31.86	\$989.000	\$168.66	44.1%
Comcast	3,307,000	3,252,500	\$1,328.355	\$34.03	\$630.968	\$193.99	47.5%
Continental Cablevision	2,938,550	2,850,890	\$1,191.948	\$34.84	\$526.993	\$184.85	44.2%
Cox Communications	1,851,726	1,818,032	\$714.208	\$32.74	\$269.357	\$148.16	37.7%
Cablevision Systems	1,768,000	1,632,650	\$754.393	\$38.51	\$334.248	\$204.73	44.3%
Times Mirror	1,274,908	1,241,653	\$497.690	\$33.40	\$205.074	\$165.16	41.2%
Viacom	1,139,100	1,123,275	\$406.200	\$30.14	\$155.200	\$138.17	38.2%
Cablevision Industries	1,001,927	982,982	\$402.863	\$34.15	\$189.519	\$192.80	47.0%
Adelphia Communications	957,954	934,401	\$347.606	\$31.00	\$184.389	\$197.33	53.0%
Century Communications	945,000	955,000	\$321.681	\$28.07	\$174.474	\$182.70	54.2%
Jones Partnerships	907,323	878,866	\$364.461	\$34.56	\$108.995	\$124.02	29.9%
Providence Journal	771,000	754,500	\$284.990	\$31.48	\$111.973	\$148.41	39.3%
Telecable	751,000	734,000	\$302.000	\$34.29	\$131.000	\$178.47	43.4%
EW Scripps	739,200	722,575	\$255.356	\$29.45	\$100.128	\$138.57	39.2%
KBLCOM	690,000	647,500	\$255.356	\$32.86	\$99.688	\$153.96	39.0%
Lenfest Communications	577,377	564,040	\$212.800	\$31.44	\$105.711	\$187.42	49.7%
Intermedia Partners IV	528,000	509,817	\$190.200	\$31.09	\$74.000	\$145.15	38.9%
Washington Post Co.	498,000	490,000	\$182.140	\$30.98	\$80.525	\$164.34	44.2%
TCA Cable TV, Inc.	468,662	462,265	\$166.326	\$29.98	\$81.852	\$177.07	49.2%
Multimedia Inc (Gannett)	432,000	425,000	\$165.406	\$32.43	\$84.124	\$197.94	50.9%
Falcon Holding Group	340,681	335,292	\$138.229	\$34.36	\$79.518	\$237.16	57.5%
Jones Intercable, Inc.	309,300	311,550	\$103.335	\$27.64	\$40.019	\$128.45	38.7%
Charter Comm. SE, LP	242,124	234,117	\$82.854	\$29.49	\$39.632	\$169.28	47.8%
C TEC Corp	238,201	231,525	\$95.078	\$34.22	\$44.583	\$192.56	46.9%
Marcus Cable	222,735	182,512	\$63.629	\$29.05	\$31.129	\$170.56	48.9%
Bresnan Communications	202,636	188,323	\$61.380	\$27.16	\$25.783	\$136.91	42.0%
Garden State Cablevision	195,966	194,094	\$92.514	\$39.72	\$52.265	\$269.28	56.5%
Summit Communications	165,000	161,000	\$62.873	\$32.54	\$37.400	\$232.30	59.5%
Insight Communications	153,523	148,537	\$52.820	\$29.63	\$25.645	\$172.65	48.6%
Falcon Cable Systems	133,249	131,495	\$52.896	\$33.52	\$24.639	\$187.38	46.6%
Rifkin Acquisition Partners	124,059	119,926	\$44.889	\$31.19	\$20.879	\$174.10	46.5%
Northland Partnerships	95,355	87,500	\$28.932	\$27.55	\$12.567	\$143.62	43.4%
Helicon Group	84,573	84,573	\$31.664	\$31.20	\$15.281	\$180.68	48.3%
Enstar Partnerships	84,218	83,049	\$30.107	\$30.21	\$12.130	\$146.06	40.3%
Galaxy Telecom	80,287	78,953	\$27.285	\$28.80	\$10.237	\$129.66	37.5%
Falcon Classic Cable	46,912	46,223	\$17.382	\$31.34	\$7.885	\$170.59	45.4%
Cencom Inc. Cab. Ptnrs II	43,000	41,800	\$16.258	\$32.41	\$6.698	\$160.25	41.2%
Mercom, Inc.	37,324	36,019	\$12.927	\$29.91	\$5.052	\$140.26	39.1%
Total For Group	41,466,870	40,243,430	\$15,889.031	\$32.90	\$6,917.560	\$171.89	43.5%
Total For Industry	59,700,000	58,450,000	\$23,077.403	\$32.90	\$10,047.141	\$171.89	43.5%
Percent Change From Previous Year	4.37%	4.00%	2.17%	-1.76%	-2.52%	-6.27%	-4.59%

Notes:**- TCI -**

TCI's revenue and cash flow were adjusted for the removal of its satellite operations. This reduced its revenue by \$30 million and its cash flow by \$12 million.

- Comcast -

In December, 1994, Comcast acquired the cable holdings of Maclean Hunter. Comcast's revenue and cash flow assume the acquisition had occurred at the beginning of the year. Comcast's average subscriber number was calculated assuming that it had controlled the Maclean Hunter subscribers (550,000) for the entire year.

-Continental -

When Continental reports its basic subscribership, it includes, on an equity basis, subscribers from its partially owned affiliates. Those subscribers were removed from the 1994 (142,335) year-end subscriber number. Therefore, the 1994 average subscribers number has been adjusted as well. Continental's revenue and cash flow were adjusted for the removal of its satellite operations. This reduced its revenue by \$6.029 million and increased its cash flow by \$1.9 million.

- Cox -

Cox's revenue and cash flow were adjusted for the removal of its satellite operations. This reduced its revenue by \$22.1 million and increased its cash flow by \$0.831 million.

- Century -

Revenue and cash flow are for the 12 months ending November 30, 1994. Its year-end subscriber number is as of May 31, 1994.

- Adelphia -

Adelphia's average subscribers, revenue, and cash flow are for the 12 months ending December 31, 1994. Its year-end subscriber number is as of that date.

- TCA -

TCA's average subscribers, revenue, and cash flow are for the 12 months ending January 31, 1995. Its year-end subscriber number is as of that date.

TABLE 7D
1995 Cable Industry Revenue and Cash Flow Calculations

Company	Year-End Subscribers	Average Subscribers	Annual Cable Revenue (mil.)	Monthly Cable Revenue Per Subscriber	Annual Cable Cash Flow (mil.)	Annual Cable Cash Flow Per Subscriber	Average Cash Flow Margin
TCL Communications, Inc.	12,494,000	12,183,000	\$4,936.000	\$33.76	\$2,081.800	\$170.88	42.2%
Time Warner	9,769,000	9,545,500	\$3,743.440	\$32.68	\$1,549.000	\$162.28	41.4%
Continental Cablevision	4,066,795	4,002,805	\$1,695.263	\$35.29	\$705.272	\$176.19	41.6%
Comcast	3,407,000	3,357,000	\$1,454.932	\$36.12	\$718.455	\$214.02	49.4%
Cox Communications	3,248,759	3,215,878	\$1,287.016	\$33.35	\$510.998	\$158.90	39.7%
Cablevision Systems	2,061,200	1,904,425	\$905.155	\$39.61	\$392.416	\$206.05	43.4%
Viacom	1,179,500	1,165,000	\$444.400	\$31.79	\$182.900	\$157.00	41.2%
Marcus Cable	1,154,718	1,110,352	\$325.414	\$24.42	\$173.597	\$156.34	53.3%
Century Communications	1,100,000	1,046,000	\$349.641	\$27.86	\$177.210	\$169.42	50.7%
Cablevision Industries	1,041,768	1,028,942	\$423.212	\$34.28	\$203.133	\$197.42	48.0%
Adelphia Communications	1,002,760	993,284	\$390.413	\$32.75	\$204.145	\$205.53	52.3%
Jones Partnerships	902,345	904,834	\$391.772	\$36.08	\$122.852	\$135.77	31.4%
EW Scripps	766,400	756,850	\$279.482	\$30.77	\$118.074	\$156.01	42.2%
Lenfest Communications	596,366	586,872	\$232.155	\$32.97	\$115.361	\$196.57	49.7%
TCA Cable TV, Inc.	574,473	529,512	\$200.867	\$31.61	\$99.982	\$188.82	49.8%
Intermedia Partners IV	554,000	539,100	\$211.800	\$32.74	\$87.000	\$161.38	41.1%
Media One (US West)	527,000	513,500	\$215.000	\$34.89	\$100.000	\$194.74	46.5%
Washington Post Co.	518,000	508,000	\$194.142	\$31.85	\$81.988	\$161.39	42.2%
Multimedia Inc (Gannett)	458,000	452,250	\$174.941	\$32.24	\$89.703	\$198.35	51.3%
Jones Intercable, Inc.	439,400	374,350	\$135.350	\$30.13	\$49.428	\$132.04	36.5%
Falcon Holding Group	419,288	379,985	\$142.608	\$31.27	\$95.442	\$251.17	66.9%
C TEC Corp	333,920	286,061	\$127.079	\$37.02	\$57.858	\$202.26	45.5%
Charter Comm. SE, LP	249,106	245,615	\$88.624	\$30.07	\$42.842	\$174.43	48.3%
Bresnan Communications	209,459	206,048	\$70.389	\$28.47	\$28.555	\$138.58	40.6%
Garden State Cablevision	200,086	198,026	\$92.815	\$39.06	\$51.176	\$258.43	55.1%
Insight Communications	163,923	159,293	\$57.108	\$29.88	\$28.115	\$176.50	49.2%
Galaxy Telecom	162,400	161,663	\$57.459	\$29.62	\$22.800	\$141.03	39.7%
Falcon Cable Systems	135,475	134,362	\$52.935	\$32.83	\$23.915	\$177.99	45.2%
Rifkin Acquisition Partners	132,271	128,165	\$50.208	\$32.65	\$23.429	\$182.80	46.7%
Northland Partnerships	102,766	99,061	\$35.181	\$29.60	\$14.579	\$147.17	41.4%
Helicon Group	87,632	86,615	\$35.225	\$33.89	\$17.141	\$197.90	48.7%
Enstar Partnerships	85,342	84,780	\$31.405	\$30.87	\$13.022	\$153.60	41.5%
Falcon Classic Cable	47,957	47,435	\$18.363	\$32.26	\$8.263	\$174.20	45.0%
Cencom Inc. Cab. Ptnrs II	44,500	43,750	\$17.046	\$32.47	\$7.245	\$165.59	42.5%
Mercom, Inc.	38,853	38,089	\$13.939	\$30.50	\$5.191	\$136.29	37.2%
Total For Group	48,274,462	47,016,397	\$18,880.779	\$33.46	\$8,202.886	\$174.47	43.4%
Total For Industry	62,100,000	60,900,000	\$24,456.137	\$33.46	\$10,625.139	\$174.47	43.4%
Percent Change From Previous Year	4.02%	4.19%	5.97%	1.71%	5.75%	1.50%	-0.21%

Notes:**- TCI -**

On January 26, 1995, TCI acquired Telecable. TCI's results have been adjusted as though the transaction took place on January 1, 1995. This increased TCI's revenue by \$25 million and its cash flow by \$10.8 million (calculated by applying Telecable's 1994 cash flow margin to the \$25 million.) TCI's average subscribership was calculated assuming that this acquisition occurred at the beginning of the year.

TCI's revenue and cash flow were adjusted for the removal of its satellite operations. This reduced its revenue by \$207 million and its cash flow by \$10 million. TCI's cash flow was increased by \$38 million to account for special strategic initiatives and a customer retention program.

- Time Warner -

During 1995, Time Warner (TW) completed four acquisitions. TW's revenue, cash flow, and average subscribers were all adjusted as though these acquisitions had taken place at the beginning of the year. On April 1, 1995, TW entered into a partnership with Advance/Newhouse which had 1.5 million subscribers at the time of the deal. This added \$137 million to TW's 1995 revenue and \$46 million to its 1995 cash flow. On May 2, 1995, TW acquired Summit Communications which had 165,000 subscribers at the end of 1994. This added \$22 million to TW's 1995 revenue and \$11 million to its cash flow. On July 6, 1995, TW acquired KBLCOM, a subsidiary of Houston Industries Inc., which had 690,000 subscribers at the end of 1994. This added \$139 million to TW's 1995 revenue and \$72 million to its cash flow. On July 6, 1995, TW acquired from Houston Industries the half of Paragon Communications which TW did not already own, which had 967,000 subscribers at the end of 1994. This added \$179 million to TW's 1995 revenue and \$45 million to its cash flow.

- Continental -

On October 5, 1995, Continental acquired the cable holdings of the Providence Journal Company. In addition, Continental made several other smaller acquisitions during the year (Cablevision of Chicago, Columbia Cable of Michigan, Consolidated Cablevision of California, and N-COM). Continental's data have been adjusted as though these transactions took place at the beginning of the year. This increased Continental's revenue by \$289.919 million (\$221.998 million for Providence and \$67.921 million for the other acquisitions) and its cash flow by \$104.421 million (\$79.107 million for Providence and \$25.314 million for the other acquisitions.) Continental's average subscribership was calculated assuming that these acquisitions had occurred at the beginning of the year. This increased Continental's 1994 year-end subscriber number by 1,000,265 (771,000 for Providence and 229,265 for the other acquisitions.)

When Continental reports its basic subscribership, it includes, on an equity basis, subscribers from its partially owned affiliates. Those subscribers were removed from the

1995 year-end subscriber number (123,364). Therefore, the 1994 average subscribers number has been adjusted as well.

Continental's revenue and cash flow were adjusted for the removal of its satellite operations. This reduced its revenue by \$37.048 million and its cash flow by \$4.3 million.

- Cox -

On February 1, 1995, Cox acquired Times Mirror's cable holdings. Cox's results have been adjusted as though this transaction took place at the beginning of the year. Cox's revenue and cash flow assume the acquisition had occurred at the beginning of the year. Cox's average subscriber number was calculated assuming that it had controlled the Times Mirror subscribers for the entire year.

Cox's revenue and cash flow were adjusted for the removal of its satellite operations. This reduced its revenue by \$41.084 million and increased its cash flow by \$0.598 million.

- Marcus -

On January 1, 1995, Marcus acquired cable systems from Crown Media, Inc., which added 193,300 subscribers to its 1994 year-end subscriber figure. On November 1, 1995, Marcus acquired cable systems from Sammons Communications, Inc. Marcus' results have been adjusted as though this transaction took place at the beginning of the year. Marcus' revenue was increased by \$129.32 million (\$116.388 million for the first nine months of the year plus one-ninth of that number for October) and its cash flow was increased by \$77.327 million (\$69.594 million for the first nine months of the year plus one-ninth of that number for October.) Marcus' year-end 1994 subscriber figure was increased by 650,000 subscribers (the subscribership of the acquired systems on March 30, 1995.)

- Century -

Revenue and cash flow data are for the 12 months ending November 30, 1995. Its year-end subscriber number is as of May 31, 1995.

- Adelphia -

Adelphia's average subscribers, revenue, and cash flow are for the 12 months ending December 31, 1995. Its year-end subscriber number is as of that date.

- TCA -

TCA's average subscribers, revenue, and cash flow are for the 12 months ending January 31, 1996. Its year-end subscriber number is as of that date.

TABLES 8A and 8B
Quarterly Cable Industry Revenue and Cash Flow Information
1st Quarter 1994 - 2nd Quarter 1996

These pages contain tables detailing the data and the calculations used in the Commission's estimates of the cable industry's annual revenue and cash flow.

To calculate the industry-wide estimates of revenue, we first calculate an average revenue per subscriber figure for each quarter by dividing the total revenue of the companies in the group by the total average subscribers of these companies for that quarter. Second, multiply this average revenue per subscriber figure by an estimate of the industry's average subscribership for the quarter. The same methodology was followed to calculate the industry-wide estimates of cash flow.

The data in the tables adheres to the following guidelines:

- Unless otherwise noted, all revenue and cash flow numbers are for the quarters ending March 31, June 30, September 30, and December 31 of the year in question.
- Unless otherwise noted, all of the data used in these tables came from the companies' public filings with the Securities and Exchange Commission, their press releases, or discussions with company personnel.
- Some of the data taken from these sources have been adjusted to take into account acquisitions which occurred during the year. Due to lack of data, adjustments have not been made for all acquisitions.
- Whenever possible, each company's end of quarter subscriber data were used. However, when such data were not available on a quarterly bases, they were estimated using a straight line average of year-end subscriber figures.
- Unless otherwise noted, all data are for the companies' consolidated, domestic cable operations. Some data has been adjusted to remove subscribers, revenue, and cash flow from other sources (e.g. satellite operations).
- All company and industry revenue and cash flow numbers are in millions of dollars. All per subscriber revenue and cash flow numbers are in dollars, per subscriber, per year.
- The two tables are sorted in descending order by the companies' year-end, 1995 subscribership.

The estimates differ from those released in the *1995 Report*, due in part to the deletion this year of subscribers attributable to partially held and foreign subsidiaries and in part to the Commission having been able to collect additional data since last year's report which allows for more accurate estimates.